

Message Text

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72

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-04 PRS-01 USIA-15 DRC-01 /180 W

----- 053245

R 211744Z NOV 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4940

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS

C O N F I D E N T I A L PARIS 30030

E.O. 11652: GDS

TAGS: EFIN, FR

SUBJECT: SETTLEMENT FRENCH DEBT TO EUROPEAN FUND (FECOM) FOR
SEPTEMBER OPERATIONS

DE LATTRE, DEPUTY GOVERNOR BANK OF FRANE (EXTERNAL AFFAIRS),
SAYS:

(A) FRANCE IS NOW WORKING OUT WITH ITS EUROPEAN CREDITORS,
PRIMARILY GERMANY, ARRANGEMENTS TO SETTLE BALANCE OF DEBT
INCURRED IN CONNECTION WITH OPERATIONS TO SUPPORT FRANC WITHIN
EUROPEAN MONETARY "SNAKSE" DURING SEPTEMBER RUN O FRANC.

(B) TOTAL DEBT WAS ABOUT \$2.2 BILLION. APPROXIMATELY ONE-
HALF OF THAT AMOUNT WAS SETTLED IN OCTOBER IN DOLLARS (SEE
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PARA 2 PARIS A-765 OF NOVEMBER 13, 1973).

(C) UNDER RULES OF EUROPEAN MONETARY COOPERATION FUND (FECOM), REMAINDER HS TO BE SETTLED IN "HEAVY" ASSETS -- GOLD OR ASSETS CARRYING MAINTENANCE-OF-VALUE GUARANTEE -- SINCE COMPOSITION OF FRENCH RESERVES IS APPROXIMATELY 50 PERCENT GOLD AND GOLD-GUARANTEED ASSETS AND 50 PERCENT FOREIGN EXCHANGE. BECAUSE OF VALUATION PROBLEM, FRENCH WERE UNWLLING TO SETTLE NOW IN GOLD. IN LIEU THEREOF, THEY WILL UTILIZE THEIR IMF SUPER GOLD TRANCHE OF ABOUT \$115 MILLION (BUT NOT THEIR GOLD TRANCHE) AND SUBSTANTIAL PORTION OF THEIR HOLDINGS OF SDRS (WHICH TOTAL \$775 MILLION). GERMANS HAVE AGREED TO ACCEPT DOLLARS FOR REMAINING PORTIN OF SETTLEMENT.
IRWIN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBTS, EUROPEAN FUND
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS30030
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731120/aaaaaoel.tel
Line Count: 74
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by izenbei0>; APPROVED <26-Nov-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SETTLEMENT FRENCH DEBT TO EUROPEAN FUND (FECOM) FOR SEPTEMBER OPERATIONS
TAGS: EFIN, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005